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AN EVALUATION OF THE  
TRANSITION TO DEMOCRACY PROJECT

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## **EVALUATION OF THE TRANSITION TO DEMOCRACY PROJECT (TTDP)**

The purpose of this evaluation is to assess whether the **Transition to Democracy Project** achieved its major objectives of enabling the African National Congress (ANC) and the Inkatha Freedom Party (IFP) to engage more effectively in the process of negotiating a new non-racial, democratic government in South Africa based on universal suffrage.

This evaluation is being undertaken in terms of a Scope of Work which required:

- an assessment of whether the "core intentions" of the TTDP were achieved, and
- a comparison between the outcomes of the project and the planned objectives stipulated at the outset.

In addition, the evaluation was required to "extract any lessons that can be learned from the program."

According to the Scope of Work the initial objective of the TTDP was "enhancing the capacity of previously disadvantaged political parties in the process of negotiating a new constitutional dispensation with the incumbent South African Government, and the National Party."

The Scope of Work notes that the phrase "a level playing field" was often used to describe the desired outcome of the programme, "If a more 'level playing field' was brought about by the application of the TTDP funds, this, among other measures, will indicate that success was achieved by the project."

### **The Background to the TTDP**

On May 25, 1990, President George Bush signed House Resolution 4404, the Dire Emergency Supplemental Appropriations Act (SAA). The Act contained a provision earmarking \$10 million to "provide assistance, through the National Endowment for Democracy and other groups, to support programs and activities of organizations to encourage negotiations leading to a peaceful transition to genuine democracy based on universal suffrage within a united South Africa."

The principal purpose of this assistance was to address the disparities that existed between opposition political organisations and the South African Government so that the opposition

groups could be better prepared and more effective in entering negotiations with the South African Government.

The envisaged "levelling of the playing fields" was intended to occur through supporting opposition groups in establishing the organisational infrastructure they required. This included office equipment, telecommunications equipment, printing, publication and distribution equipment, rental or lease of office space, and human resource development. The support granted under the TTDP was intended to exclude "party building" except insofar as it aided the negotiation process.

From the outset, the SAA was the subject of debate, over who the recipients should be, what could be considered appropriate levels of funding, and appropriate areas of expenditure.

This was one of the reasons why the project was preceded by an appraisal, aimed at assessing the infrastructure requirements and the absorptive capacity of potential recipients.

The draft Scope of Work for the initial appraisal raised the possibility of including a range of political organisations, besides the ANC and the IFP, in the assessment process. These groups included the Azanian Peoples' Organisation, the Dikwankwetla Party, and the National Forum. Several other parties which might have fitted the definition of "disadvantaged opposition political organisations," such as Inyandza, the South African Communist Party, and the Pan Africanist Congress, were excluded from this list.

The consultants for this evaluation, Zille Shandler Associates, were later briefed to confine the infrastructural needs assessment to the IFP and the ANC, with a specific focus on the preparations of these organisations for constitutional negotiations. The consultants were also required to assess the parties' organisational, administrative and human resource requirements. It is relevant to note, at the outset, that the needs assessment identified salary payments as the top funding priority of both the IFP and the ANC, and based its evaluation of the organisations' capacity to absorb funds on the presumption that salary payments would be an acceptable category of expenditure.

The needs assessment was followed by several months of negotiation and planning, culminating in a decision that the US Agency for International Development would make the sum of \$8 million available to the US/SA Leadership Exchange Program (USSALEP). This was ratified on September 26, 1991 in terms of the Transition to Democracy Project Cooperative Agreement No 674-0310-A-00-1069-00. In terms of this agreement, USSALEP became the grantee, and was required to provide support to political

organisations (sub-grantees) in South Africa who were involved in the process of negotiating a new nonracial, democratic government. The Agreement was made retrospectively effective to September 2, 1991. According to Mr. Stan Kahn, the TTDP's Manager, only the ANC and the IFP qualified for support in terms of TTDP specifications. It lies beyond the scope of this evaluation to determine whether any other organisations may/should have been eligible, and the TTDP's exclusive focus on the IFP and ANC has been accepted as the point of departure of this evaluation.

In terms of the Agreement, USSALEP was required to establish a system of fiscal administration and grants management that could ensure proper accountability for funds disbursed under the TTDP. The Agreement also makes provision for USSALEP to provide quarterly reports on the programme's activities as well as a final report, summarising the accomplishments of the Agreement, significant problems or failures encountered in its implementation and other relevant issues.

In terms of the Agreement this reporting system was intended to provide the bulk of the information required for this final formal evaluation of the programme's success in meeting the objective of the relevant sections of the Dire Emergency Supplemental Appropriations Act of 1990.

The evaluation thus draws heavily on the ten quarterly narrative reports submitted to USAID by Mr. Kahn.

Other sources of information include:

- \* Documentation, including the Grant Agreement, the Sub-Grant Agreements, Amendments to the Agreements, Agreement Implementation Letters (AILS), Project correspondence, and Evaluation Reports covering various aspects of the TTDP.
- \* Interviews with various people involved in the project, including representatives of the IFP and the ANC, USAID officials and Mr. Kahn. (A list of people interviewed appears in Appendix One.)

It is important to record the difficulties experienced in obtaining interviews with several key people involved in the TTDP. While in some cases persistence paid off, in others the attempt to secure an interview proved futile. Various appointments were cancelled during the course of this evaluation. In some cases, it was impossible to obtain an interview for other reasons. For example, the ANC's Treasurer-General, Mr. Thomas Nkobi, died during the evaluation process. Before his death, Mr. Nkobi was too ill to grant an interview.

Despite these difficulties, every effort was made to contact key people involved in the TTDP. The cross-section of people interviewed appears to have been sufficient to address the key evaluation questions contained in the Scope of Work.

### **Timing**

The TTDP was intended to run from September 2, 1991, to the initial projected termination date of September 30, 1992. This was an unrealistic time frame, and near the beginning of the Project, all parties realised that the deadline for the disbursement of funds would have to be extended. The termination date was then extended until the end of December 1993. The administrative portion of the contract was later extended until the end of April 1994. In December 1993 the IFP had its contract extended until the end of January 1994 and later the ANC had its contract extended until the end of February 1994.

The Project fell into two phases: *A Mobilisation Phase*, to enable USSALEP and the sub-grantees to fulfil the "Conditions Precedent" before the commencement of the *Disbursement Phase*.

In terms of AIL (Agreement Implementation Letter) No. 1 dated October 2, 1991, USAID confirmed that USSALEP had satisfied the condition precedent in demonstrating its financial solvency and management capacity and was authorised to begin requesting payment of funds in terms of the Agreement for disbursement to the sub-grantees.

During the last quarter of 1991, USSALEP was also involved in driving the Mobilisation Phase of the process, to ensure that the TTDP was able to meet the requirements set out in the Agreement between USAID and USSALEP. During this phase, USSALEP emphasised to the sub-grantees the constraints on the use of grant funds, and advised that the money could not be utilised for party-building.

Several meetings were held during this period between Messrs. Stan Kahn and Francis Kornegay, the US-based Director of the TTDP, and the sub-grantees in order to formulate agreements acceptable to, and understood by, the parties involved. During these meetings, the USSALEP representatives stressed that the money could not be used for purposes such as "party building" or "propaganda" given that the TTDP's primary purpose was to strengthen the recipients in their capacity to negotiate a new constitution. This advice was confirmed in writing following relevant meetings (e.g., correspondence from Stan Kahn to Mr. S. Johnny Mhlungu dated December 10, 1991).

The first step was the negotiation of Agreements with each of the sub-grantees. The Agreement with the ANC was dated February 12, 1992, and the Agreement with the IFP included a covering letter dated January 21, 1992. Both these Agreements were made retrospectively effective to September 2, 1991.

The Mobilisation Phase had taken substantially longer than expected, and the reason attributed primarily to the "pace at which the sub-grantees respond and/or activate their respective action plans" (USSALEP's First Quarterly Narrative Report, Sept 26 - December 26, 1991). This concern emerged as a constant refrain throughout the Project.

It was clear to Mr. Stan Kahn from the outset that it would not be possible for the sub-grantees to absorb their allocations in the allowable expenditure categories in the nine months between the signing of the agreements (the end of the Mobilisation Phase) and the notional end of the TTDP in September 1992. An extension of time was therefore envisaged almost from the beginning.

During the Mobilisation phase of the project, Mr. Kahn alerted the sub-grantees to the possibility of getting "the period of the grant extended, or ... the permissible areas of expenditure broadened" [Memorandum from Kahn to Mr. Johnny Mhlungu, October 25, 1991]. Because of the grant's limited lifespan, Mr. Kahn suggested that it might be preferable to invest in the "acquisition of items that are mainly of a capital nature" (broadly defined as "plant" and "human capital") rather than ongoing operational expenditure which might prove unsustainable at the end of the grant period.

The TTDP's life-span was extended on several occasions, initially to December 1993, and then in the case of the IFP to the end of January 1994, and in the case of the ANC to the end of February 1994 (and then again to March 25, 1994). A major financial audit of the Project took place covering the period from September 2, 1991 to March 31, 1993, by which date the IFP had spent R4,424,115,05 (58% of its final allocation) and the ANC R4,411,485,75 (29% of its final allocation). Further financial audits were envisaged in order to cover the remaining disbursements during the subsequent 12 months. It is important to stress that this evaluation is not a financial audit. The distinction between the two is specifically underlined in the Scope of Work which forms the basis of this evaluation. This evaluation does not, therefore, include:

- an examination of financial statements and claims;
- an examination of the TTDP's compliance with the "Financial and Administrative Guidelines, Procedures and Controls" drawn up by Development Agency Support Services (DEVAS).

- an examination of the compliance of USSALEP's procurement practices with USAID's regulations, such as "externalisation". (USSALEP was advised in respect of USAID's regulations by Mr. Susumu "Gus" Ganiko who served as a consultant to the project.)

It is also relevant to note that a separate Technical Needs Assessment was undertaken by Dr. Clem Wolhuter, former Director of the Computer Centre at the University of the Witwatersrand. The aim of Dr. Wolhuter's assessment was to assist the sub-grantees in aligning proposed acquisitions with actual needs and determining their absorptive capacity for assimilating machinery and software into their respective organisation.

This evaluation therefore will focus only on the question of whether the computer and information systems established under the TTDP succeeded in promoting the Project's core objectives. The two documents that establish the parameters of this evaluation are the two agreements between USSALEP and the sub-grantees, effective as of September 2, 1991, which set out the amount, terms and conditions of the grants. In terms of these agreements, the IFP was awarded the sum of \$2,652,410 (R7,028,857) and the ANC was awarded the sum of \$4,777,310 (R12,659,872). The terms and conditions of both contracts were the same.

When the Project was extended these amounts were reduced to \$4,480,924 for the ANC and \$2,487,853 for the IFP, to cover the additional administrative costs occasioned by the delay without increasing the total Dollar amount of \$8,000,000 available in terms of the grant: [See AIL No. 9 dated November 8, 1993]. However, this did not negatively affect the recipients, in relation to their initial projections, because they received their grants in Rands and reaped the benefit of the positive exchange rate fluctuation over the period. According to the Ninth Quarterly Narrative Report, the ANC's allocation over the life of the Project was R13,630,523 and the IFP's was R7,567,862. At the end of the Project the ANC received an additional \$200,000 to enable a second group of about 20 ANC personnel to undergo security training in the USA. In dollar terms, this brought the total funding allocated to the ANC to \$4,680,924 and the combined total allocation to both parties to \$8,200,000 (22,238,937). [Source: Amendment No. 2, Transition to Democracy Project Co-operative Agreement, signed by Mr. John McAvoy in correspondence to Mr. Stan Kahn dated March 3, 1994, and receipted on March 9, 1994. Note that this document gives the total Rand amount disbursed to the ANC as R12,739,495, which is less than the amount recorded (R13,630,523) in the Ninth Quarterly Narrative Report, which covers the period October 1993 to December 1993. Such discrepancies may be due to fluctuations between projected and actual exchange rates.

The Agreement with each sub-grantee contained an Illustrative Financial Plan, to guide expenditure in various categories. The Agreements authorised a 15% deviation between line items on condition that USSALEP was notified in written quarterly reports of such deviation. Any deviation above this amount required advance approval in writing by USSALEP.

By far the largest component of each grant was earmarked for salaries and benefits -- 38% in the case of the ANC and 43% in the case of the IFP.

Less than four weeks after the Sub Grant agreements were signed, Agreement Implementation Letter No. 4, dated February 27, 1992 sent by Mr. Dennis P Barrett, Director of USAID/South Africa to Mr. Kahn, placed the payment of salaries on hold "until we have had an opportunity to discuss the details of proposed salary payments to staff of the ANC and Inkatha and approve the final plan of action."

This AIL was followed by a failed attempt to resolve two key concerns relating to salary payments:

- that members of the South African Communist Party might be on the list submitted by the ANC for salary payments, and
  - that candidates presented for salary payments by the IFP might be found guilty of violence at a time when they were being paid by project funds.
- [Second Quarterly Narrative Report:7].

It was subsequently confirmed in AIL No. 8, dated September 25, 1993, that the U.S. Ambassador had instructed that no further salary payments be made following consultations with officials in Washington. The AIL, issued by Mr. Daniel Rathbun, Director of USAID's General Development Office, also authorised the acquisition of office space and other real estate as an acceptable substitute for the funds originally earmarked for salaries. At the time of the purchase, it was duly reported by Mr. Kahn in his second Quarterly Narrative Report, covering the period from December 31, 1991 to March 31, 1992 [p.7]. However, the purchase of real estate by Inkatha in lieu of salary expenditure preceded the issue of the AIL by more than a year.

The Financial Audit of the TTDP dated March 31, 1993, undertaken by Price Waterhouse Meyernel accepted that USSALEP and USAID/South Africa had reached a verbal agreement that support to sub-grantees could include the purchase of a building and renovations to existing buildings. The Auditors recommended that USSALEP obtain from USAID/SA an AIL to formally document the verbal agreement. The requisite AIL No. 8 was then issued by USAID in September 1993, regularising the situation.



Because the grant was independently administered between USSALEP and the two parties (the ANC and the IFP), this evaluation will examine the TTDP in two sections, one dealing with disbursements to the ANC, and the other with disbursements to the IFP.

## **The Inkatha Freedom Party**

The Sub-Grant Agreement with USSALEP was signed on behalf of the Inkatha Freedom Party by Mr. S. J. Mhlungu, Chairman of the Party's Action Group for Democracy and a member of the IFP's Central Committee, and later Minister of Finance in the Kwazulu Natal Legislature. The Action Group for Democracy (AGD) served as the management, administrative and fund-raising arm of the IFP and was mandated by the Party to address issues relating to the Party's development needs and funding priorities. The AGD was mandated by the IFP to receive the funds allocated through the TTDP.

The Program description (Attachment 2 of the Agreement) states that the IFP is required, to the extent practicable, to use the resources provided in the TTDP to engage more effectively in the process of negotiating a new, nonracial democratic government.

"Mechanisms need to be refined, and in some cases, established by which the leadership cadre of the IFP/AGD are able to better develop policy options, and more quickly transmit these down to their followers for comment. Similarly, more effective means must be found by which aggregated opinions and attitudes from grassroots supporters find their way into the negotiating positions of the IFP. This process obviously is complicated by the fact that significant numbers of IFP supporters are in the deep rural areas of South Africa where communication is a problem."

The illustrative financial plan contained in the Agreement dated January 21, 1992 provides for the grant to be divided in terms of specific cost elements.

Cost Element	Total (SA Rands)
Salaries and Related Expenses	R3,040,687
Office Equipment and Furniture	R1,091,001
Office Expenses	R1,752,429
Airfares and Travel Costs	R 658,727
Training	R 486,043
Total	R7,028,887

The decision to suspend the payment of salaries from the TTDP allocations, shortly after the Agreement was signed (and to a lesser extent the decision to freeze disbursements during the referendum campaign), evoked considerable resistance and anger from the IFP.

This point was stressed during a lengthy collective interview with IFP/AGD office bearers held on July 28, 1994 for the purpose of this evaluation. Present at this interview held at the IFP's Durban office, were Mr. Maurice MacKenzie, former CEO of the IFP and a Central Committee member; Mr. S. Johnny Mhlungu, Minister of Finance in KwaZulu/Natal; and Mr. M.Z. Khumalo former personal assistant to Chief Buthelezi and deputy secretary general of Inkatha, who took over the administration of the TTDP funds from December 1992; and Ms. Gail Parry, an administrative assistant in Inkatha's Durban offices.

The interviewees were unanimous in their view the decision to suspend salary payments was a breach of faith by USAID.

"USAID was moving the goalposts," said Mr. Khumalo. "We had just been through long negotiations and discussions about what the grant could be used for. Documents had gone through many drafts. And just when we reached a signed agreement they moved the goalposts. Nowhere in the Agreement did it say that the donor can withdraw funds when they choose if we are keeping to the Agreement. We felt a deep grievance about this."

Mr. Leslie "Cap" Dean, who succeeded Mr. Barrett as USAID Director in South Africa, confirmed during a subsequent interview that the decision to freeze salary funding had been "a tough one".

"We had originally said we would pay salaries but it got to be too political an issue, in the sense of who we might wind up funding. We said there were more than enough costs for us to fund those things that were not going to be controversial for either the Republicans or the Democrats in the US Congress. There was so much we could legitimately use these funds for that there was no need to put ourselves on the line. It was controversial enough to make the decision to pay for the TTDP as it was."

The IFP interviewees, however, rejected the reasons given by USAID for the suspension of salary payments. According to Mr. Mhlungu: "We submitted a schedule to show which people were employed. We fundamentally disagreed that they were involved in the perpetration of violence. We fundamentally disagreed with the reasons USAID gave to us."

According to Mr. MacKenzie: "When salaries were summarily removed from the equation for the reasons given, the grant assumed a rather ridiculous complexion. We could have all the furniture we wanted. We could have all the equipment we wanted. We could have all the offices we wanted. But we couldn't have the people to staff them so it was frankly ridiculous."

However, the problem went beyond this. According to Mr. MacKenzie and the other IFP interviewees, there was tremendous anger in IFP ranks about the decision to suspend salary payments.

"We heard about the decision shortly after we had informed a Congress of the IFP attended by about 20,000 people that we had been given the necessary funds by the Americans in order to start up a system of offices and administration for the Party, with organisers, operatives and transport in order to prepare the Party for negotiations. Everyone's hopes were raised. And then the battery was taken out of the car. Salaries were the most important part of the grant for us. There was really deep anger about it and people asked: 'How can you trust these people?'"

"I said to Stan Kahn: There are millions of people expecting us to be able to deliver, for their future, and when I ask you what to say to them, you cannot tell me what I am supposed to say to calm the situation. There were many hot-heads in the situation. I finally said we would not be able to take responsibility for the mess and we would take the issue to the Press."

In an interview in July 1994, Stan Kahn confirmed the extent of anger and disillusionment within the IFP over the decision to stop salary payments. "Maurice MacKenzie made the point to me again and again. He said: 'You think you have seen violence? Now I predict there will be violence.'

"People were so desperate on the ground that I believed there would have been serious problems; they needed the money if they were to have the capacity to organise a political movement; without organisation and structures, they had plenty of capacity for fomenting violence but not the resources to build anything else. The ANC had other sources of funds so it wasn't so disastrous for them, but the IFP didn't. They saw the decision to stop salary payments as a disaster."

During the course of these heated discussions between the IFP and USSALEP on the prohibition on the funding of salaries, the possibility of purchasing a building arose. Mr. Kahn reports on this matter in the Second Quarterly Narrative Report (December 31,

1991 to March 31, 1992) as follows: "Ultimately the acquisition of property was proposed as a replacement for salaries, although not without a period of some vacillation that threatened to place further strain on donor and intermediary relationships with the sub-grantees. The end result of deliberations over the salary issue and the disbursement freeze was to slow up the disbursement process."

MacKenzie also addressed this question during the interview conducted for this evaluation. According to MacKenzie: "We realised that if we bought a building it would be our property and we could do what we liked with it. I organised that there should be a building for R3-million that we could buy. Stan had the papers drawn up and USSALEP bought the building, in terms of the agreement, for the IFP. We then immediately re-sold it. With the proceeds we continued to pay salaries. We lost 1.5% commission on the way, but then we could pay salaries. That was the only way we could defuse a crisis which would otherwise have gone completely out of control."

Apart from paying salaries with the money released through the sale of the building, the IFP also leased vehicles.

According to MacKenzie, this was another area of critical need. "USAID was adamant that they wouldn't buy vehicles. They said this was the most abused area of aid. So we had to use salary money to hire vehicles on a specific time span because our budget worked out that when we had finished with the USSALEP money we should have finished working with the vehicles. We leased 30-odd vehicles for 30 months out of what we called salary money."

Aside from the R3 million spent on the building (which was immediately resold to release the money), the disbursements proceeded at a slow pace, leading Mr. Kahn to conclude that the "IFP cannot absorb more than roughly R20,000 on a monthly basis". [Second Quarterly Narrative Report:8]. The limited absorptive capacity of the IFP is a constant refrain in many of the Quarterly Narrative Reports.

This contention was contested by the IFP. "The real problem was that the use of the money was so restricted," said Mr. Khumalo. "The money was specified for use in certain areas, but we needed the money in other areas. That might have given rise to the perception that we couldn't absorb the money, but it was a misperception. We needed it in other categories."

The IFP was very critical of the strict conditions governing the grant.

By way of example, Mr. MacKenzie drew the following parallel: "If I were to give your business a grant in order to help you get it off the ground, I would ask you how you wanted the grant to be structured. I would see what you needed. But we were told, there it is, these are the rules, now say thank you. It was all compartmentalised with very strict rules and red tape. You will buy these sorts of things, you will submit an invoice, we will pay you back if it is within our rules. We were very grateful to have the money, but there should have been much more flexibility."

Ms. Parry confirmed the enormous frustration about the lack of flexibility, and the problem of incurring expenditure on items for which there might be no refund if they were deemed to fall outside one of the legitimate grant categories. Towards the end of the grant period, she said, there was more flexibility. "Right at the end when we were way over in one category and low in another they dropped all the hassle about categories. That helped, but it was right at the end."

During the last quarter of the extended contract, the IFP's underexpenditure amounted to R1,277,024, or 16.87% of its allotted total. [Ninth Quarterly Narrative Report.]

When the IFP became aware of this, they initiated two activities, according to Mr. Kahn: they sought another extension of the project from its envisaged cut-off date of December 1993 and they tried to establish which large projects might be able to absorb the residual funds.

Discussions between the IFP and USAID resulted in an agreement to extend the Project until the end of January 1994.

According to Kahn: "The IFP suddenly realised how much money there would be left in the end. They went through all their records over the past two years to dig up old bills that we hadn't paid for. It was kosher money. They also tried to buy another building, but I vetoed it."

Apart from the vouchers, the IFP submitted a proposal for a research study of violence, which was approved. In addition, residual funds could be applied in any previously agreed category of expenditure, beyond the ceiling applied to that category. By using the added flexibility the IFP was able to increase its absorptive capacity. But the flexibility had distinct limits, set by the Project's criteria.

During the course of the Project, there were several contested areas of expenditure. A key example was an IFP Project for voter education (Claim 47) which was disallowed by Mr.

Kahn, who informed the IFP that this expenditure fell outside the scope of the grant. According to the IFP the amount of R387,000 claimed for voter education, should have been eligible in terms of the Agreement.

According to Khumalo: "Here we were training a team to go out and train others in voter education. It was obviously central to the Transition to Democracy Project but it was disallowed. I think USSALEP saw it as party-building. But we couldn't see how it was enhancing our own image or building our party if we were preparing for democratic elections. We had a core of people training others in the procedures of voting. The disallowing of this claim put us under severe strain. We had to find it elsewhere."

Asked for his perspective on this matter, Mr. Kahn said he had "run a query" on the claim to check what it was intended to meet.

"I discovered that the person who was going to do the training was a Dr. Pasques, who I had reason to believe was a military intelligence front-man from the Eastern Cape. The training was due to take place somewhere in the Lydenburg area. I suspected that this was covert stuff. We weren't given the details. I strongly suspected that it was third force training that was going on, so I took a decision to disallow the claim in its entirety." [Dr. Louis Pasques had been exposed in press reports during 1992 as the head of Adult Education Consultants, an alleged military intelligence front organisation seeking to undermine the African National Congress and establish a "moderate" alternative alliance of black leaders.]

Subsequent events have added a new perspective on these events. Mr. Khumalo was one of a group of people arrested in June 1995 and charged with murder or conspiracy to commit murder in connection with the alleged hit-squad killings of 13 people in KwaMakhutha, Natal, during the 1980s. At the time of his arrest, Mr. Khumalo was the Deputy Secretary-General of the Inkatha Freedom Party.

Another important question discussed in the collective interview with Inkatha officials was whether and how the infrastructure equipment assisted the IFP. The grant enabled the IFP to set up a limited network of offices outside of Durban and Ulundi. "Without the money we would never have been able to afford the rental for offices or the furniture and equipment for them. These were allowable expenses and made a big difference", said Ms. Parry.

Asked how the computer infrastructure had changed things, Ms. Parry said: "It was fantastic; every office was able to have a computer and actually I think we didn't buy

enough. People needed computers and we could have bought more."

Asked what difference they made she said: "It condensed branch administration and regional administration in a form that could be managed far better than the old system. We had a network in the head office. If offices computerised their membership and income it could be sent here for processing."

Ms. Parry said at least 30 officials had been trained in the use of the computers "mainly Windows, Word for Windows."

The IFP office worked on the expectation that the organisational improvement made possible by the TTDP funding would enable them to establish a membership base capable of sustaining operational expenditure through membership dues. This did not, however, materialise. "Unless you have membership income to take over the expense of operating offices, where is the money going to come from? As I understand it, we have not got that regular flow of money and we have had to cut back drastically. A lot of our offices have been closed as a result, or they have had to try to find the means to support themselves. This has caused tremendous problems," Mr. MacKenzie said. Mr. MacKenzie's comments confirmed how important the TTDP grant had been to the IFP at the time -- a perception corroborated by Mr. Kahn, who said the grant was indispensable to the IFP: "The IFP would have died as a political party without this money. That does not mean that its supporters would have disappeared or lost the capacity for mobilising, for destabilisation and violence. But this money was central to giving them an organisational structure on the ground. This money was much more critical to the IFP than it was to the ANC that had many other sources of income. The ANC was unhappy when we announced that we were not going to allow salary payments, for example, but it wasn't disastrous for them. They could get the money from other sources. But it was disastrous for the IFP."

The IFP office-bearers confirmed the general thrust of this perception: "In the absence of anything else these funds were very important," said Mr. MacKenzie. "But I think it is a little too sweeping to suggest we wouldn't have survived without them. It would have been much more difficult, but it would not have been impossible. We had an organisation going, and it was working, but it needed a boost."

The interviewees were specifically asked to comment on the role played by USSALEP as intermediaries. They were very complimentary of the way the project was administered

"Using USSALEP as an intermediary in this process worked well," said MacKenzie. Stan Kahn did his very best to ensure things ran smoothly."

Ms. Parry, who spent a lot of time processing TTDP requisitions described Kahn as "excellent". "He was pleasant to work with and helpful, and would always explain why when he disallowed a claim."

Mr. Kahn, for his part, was complimentary about the role of the IFP's secretarial staff in instituting systems and administering the grant. Ms. Parry, in particular, had been a "stickler for detail" and played a significant role in providing the documentation required to monitor and manage the grant. However, according to Mr. Kahn, a significant difficulty in administering the IFP grant was the regular changes in senior personnel responsible for the TTDP, without notification to USSALEP. Kahn refers to the turnover of senior staff in the Fifth Quarterly Report, when he notes: "this reduces the level of project familiarity at the senior echelon of the IFP and makes continual education of the responsible officers necessary." At middle management level there were also changes of IFP personnel, where those responsible for liaison on the TTDP grant included a Mr. Moran, a Mr. Anthony and a Mr. Murray, who worked on a consultancy basis. This constant turnover was compensated, in part, by the fact that the "technical staff of the IFP are constant and they have a working understanding of the Project."

The staff turnover was also the subject of correspondence in which Mr. Kahn made the following request: "at the very least USSALEP needs always to have official notification of personnel changes as they affect this project, and the interface between USSALEP and the IFP. Preferably this needs to be with face-to-face meetings, well ahead of the proposed changes, so that contact and continuity with sufficiently senior IFP members can always be maintained." (correspondence dated December 2, 1992). The letter faxed twice (on December 3 and December 14, 1992) was followed by another faxed letter on January 15, 1993 requesting an urgent response. There is no correspondence in papers available in this evaluation to suggest that the issue was satisfactorily resolved.

The turnover in staff (which, among other factors also affected the ANC) was a contributory factor in the failure of the sub-grantees to submit a single written report despite repeated requests from Mr. Kahn to do so.

Referring to the sub-grantees' failure to meet this part of the Agreement, Kahn said: "I asked for reports. The staff turnover was so high you could never deal with the same person for long enough. It is also a question of capacity: you can't just write a report unless you know in detail what is going on. And in political movements the technical people who know what is going on do not have the authority to write the report."



The failure to produce written reports did not bring the project to a halt because "in a sense if I was keeping a watching brief and if AID got regular reports from me, it appeared to be OK."

Mr. Cap Dean also addressed the issue during an interview. He said USAID had not insisted on written reports from the Sub-grantees. "How realistic is it to deal with political organisations that are seriously understaffed and underfunded, and expect them to take a day out to write a funding report?"

Their failure to submit reports had not proved a serious problem for the project as "we had USSALEP there submitting reports. They were watching over the Project."

The central question of this evaluation is whether the grant assisted the main purpose of the grant, namely to "encourage negotiations leading to a peaceful transition to a genuine democracy based on universal suffrage within a united South Africa." Did the grant to the IFP assist it in building the capacity it needed to participate in the process of negotiating a new constitutional dispensation with the incumbent South African Government and the National Party?

It is common cause among all involved in the IFP grant that the TTDP constituted a crucial source of funds for the party during this period. Mr. Kahn is convinced the IFP would have collapsed as an organisational structure without the funds. "The IFP would have died without this money," said Kahn. IFP officials deny the party would have died but concede that it would have faced severe strain.

If this is correct, did the TTDP artificially keep the IFP alive, according it more weight and influence than was its due, and enabling it to make an undue impact on the negotiating process and subsequent elections?

Mr. Kahn does not believe so.

"The party's organisational structures would have died, but its supporters would not have disappeared. They would not have had the capacity or the resources to establish a coherent organisation, so the likely alternative would have been accelerated violence. If we were going to have a transition to democracy without much more violence, it was important that the IFP should focus on building an organisational base, get on with negotiations and

prepare for elections. If they wanted to get money through the TTDP, then they had to focus on doing this."

But what if the party used that organisational base predominantly for the purposes of party-building rather than consciously developing its negotiating capacity? Indeed, is it possible to draw a clear distinction between these two activities?

While there is evidence that Mr. Kahn made every effort to prevent the grant being used for party propaganda, possible covert activities, or party-political voter mobilisation, it is inevitable that a network of branches and office infrastructure would enable party political functionaries to engage in various forms of party-building. The very process of establishing an office network and infrastructure can be construed as party-building. The Project appraisal that preceded the TTDP noted that there was "a fine line between initiatives aimed at enhancing an organisation's negotiation capacity and those aimed at building its support-base in the contest for political power." The appraisal also noted that it was not possible to distinguish these functions from each other.

From the outset, the IFP had unambiguously stated that its primary need was the payment of salaries and this was reflected in the initial Agreement as the largest allowable area of expenditure. This provision was, at the time, considered compatible with the prohibition on the grant being used for party-building. However, it seems entirely unrealistic to assume that party officials, who depended on mobilising voter support if they wished to secure their job security through election to public office, would not engage in party-building and party-political activity.

On the other hand, it seems reasonable to assume that they might *also* spend time (and use the branch network and information technology) to promote the negotiation process. However, the Inkatha respondents did not identify this as one of the major benefits of the TTDP during the evaluation interviews.

One of the TTDP grant's greatest benefit was seen to be the establishment of viable financial systems, facilitating branch reporting to head office, and monitoring branch activities.

Although this was valuable, and important to the transformation process, it wasn't its primary aim, according to Kahn. "We wanted the grant to be used to generate new ideas, policy options in negotiations. That wasn't achieved. The compromises that parties made on their existing positions were not grant-related. They were exigency-related. They were the result of political horse-trading," said Kahn. This conclusion, he said, applied both to the IFP and the ANC.

If the grant did assist the negotiation process it was more indirectly than directly, and the effect was impossible to quantify. Given that the SAG and the NP could rely on the infrastructure of the State and party political structures, it could be argued that support for infrastructural development in the IFP and the ANC was part of the process of "levelling the playing field."

It could also be argued that the TTDP funds gave the IFP the incentive to pursue the negotiation option -- because this was the way it could get the resources it needed to offer jobs to its key functionaries, and keep them on board through the power of patronage.

But once the IFP had secured the salary money it needed through the purchase and re-sale of the building, what induced it to remain within the negotiating process, (despite periodic threats and withdrawals)? The risk of losing access to resources may have been a contributing factor, although the extent of this incentive is difficult to establish. The IFP officials interviewed did not identify this as a motivating factor, and it may be cynical to suggest that this was the only, or even the dominant factor.

At a political level, the promise of international mediation enabled the IFP to enter the election although the critical question of the extent and nature of national and regional powers had not, according to the IFP, been satisfactorily addressed in the interim constitution.

But the IFP's decision to remain within the process can perhaps also be explained by the perceived risk of total isolation and marginalisation from the ongoing political transition if it withdrew. The IFP had lost its favoured status with the National Party (NP) and the South African Government (SAG), both of whom had opted instead for the strategy of reaching bilateral agreements with the ANC and then consulting with other parties, including the IFP.

Although the IFP protested vigorously at this arrangement, and withdrew from the process from time to time, it recognised its effective isolation. If the IFP had turned its back on the negotiation and election strategy, it would have had no support, from any significant quarter anywhere in the world (except rightwing elements inside South Africa) and would not have been able to obtain the material or financial support it desperately needed. If the IFP had withdrawn, It would also have sacrificed the possibility of public office for its leading members in the post-election government at both regional and national level. Without the means to offer power, position or patronage to its key office bearers, the IFP risked disintegration.

It is difficult to ascribe proportional weighting to the various factors that eventually persuaded the IFP to contest the elections. But it is clear that TTDP funding was critical to the IFP's capacity to continue functioning as a political movement during the negotiation period. And, to a significant extent, the IFP's decision to contest the election vindicated the TTDP in its support of the Party in preparing itself for this purpose.

However, the following question is also relevant: did USSALEP and USAID use their leverage sufficiently to ensure that the money was used to promote the key objectives of the TTDP? Is it possible for a funder to steer a political party in a particular direction on the basis of the conditions of a grant?

It is clear that Mr. Kahn tried very hard to do so, without pushing the relationship with the sub-grantee to breaking point. However, the management of the project could not escape the central dilemma which became increasingly apparent during the TTDP's implementation: While USAID did not want to become involved in party-political funding, it was funding a political party. In order to deal with this dilemma USAID specified that the money was to be used to build the party's capacity for negotiation. But the party had its own compelling agenda, and a critical need to find the resources to fund it. Most importantly, the party needed to pay its office bearers and mobilise its support base. In the end, the IFP found a way (through the purchase and re-sale of a building) to use the bulk of the money for its major purposes, salaries and motor vehicles, although these two uses had been expressly excluded in terms of the amended grant. The IFP felt some justification in doing this, at least as far as salaries were concerned, because this expenditure had been endorsed in terms of the original Agreement, and the Party rejected USAID's right to unilaterally amend a signed Agreement.

When asked about how he dealt with the contradiction at the heart of the TTDP, Kahn asked in return: "How do you give political aid? At root it is actually a problem related to the decision to give political aid. So what do you do? How do you compel a political party, with its own strategy, its own momentum, its own survival imperative, to do what you want it to do? How does a tick on a dog's back get the dog to change direction? We tried hard to encourage movement in the direction of a negotiated settlement and I believe we made a contribution to this. But we could not dictate the terms." The recognition that it is difficult, in these circumstances, for a donor to dictate the terms (beyond requiring acceptable financial accounting and auditing procedures), is probably the key lesson from the TTDP project.

## **The African National Congress**

The Agreement between USSALEP and the ANC, signed by the organisation's Treasurer General, Mr. Thomas Nkobi, includes a Programme Description which contains a motivation for the money allocated to the ANC.

The program description notes the importance of establishing a 'level playing field' and emphasises the ANC's structural and organisational disadvantages resulting from its being a banned organisation between 1960 and 1990, unable to operate and organise openly. The program description also notes that the formal structures of the ANC are out of alignment with the size of its support base and its membership, and suggests that mechanisms need to be refined and in some cases established so that the leadership of the ANC is better positioned to develop policy options and more quickly transmit these to their followers for comment, or receive comment and opinions from grassroots supporters. The motivation notes that the process of negotiation between the ANC's leadership and supporters is complicated by the fact that many supporters were, at that time, located outside South Africa, many in neighbouring states. This appears to justify the need for funding for travel to consult supporters outside South Africa.

The Illustrative Financial Plan included the following:

Salaries and benefits	R4,816,317
Office equipment and furniture	R2,944,882
Printing equipment	R2,944,262
Printing costs	R 247,338
Airfares and related travel costs	R1,104,187
Training	R 602,886

There was substantial deviation from this Plan during the life of the Project, although none of the documentation obtained for this evaluation provides final figures that made a direct comparison between the final disbursements and the Illustrative Financial Plan possible.

Over the life of the Project the ANC spent over 99% of the available funds, and by a special extension of the grant period to March 25, 1994, received an additional \$200,000 to enable a group of 20 ANC personnel to undergo security training in the US. The ANC therefore exceeded the budget limit established at the start of the project, with the agreement of USAID.

Two key areas of expenditure in the illustrative plan fell away: the payment of salaries and benefits was vetoed while the TTDP Project Manager, Stan Kahn, vetoed disbursements on airfares and related travel costs due to inadequate documentation.

The decision to suspend salary payments affected the ANC negatively, but was not nearly as serious a blow as it was for the IFP.

"The ANC had large amounts of money coming in from other donors, so they could draw salaries from other sources. The USAID decision on salaries was a blow, but they could get through without it, unlike the IFP. The ANC had a cash flow which the IFP just didn't have," said Kahn.

Disbursements for travel money were stopped by Kahn because of inadequate accounting procedures. Indeed inadequate accounting systems were a feature of the programme as far as the ANC was concerned, and led to the suspension of all payments in the TTDP for a period.

According to Kahn, "at the outset, the ANC seemed to think it was sufficient to buy a receipt book from the CNA and write out their own receipts. Despite all the preparation there seemed to be no understanding of the type of accounting that was required in this project. I paid regular visits to the Accounts Department of the ANC and on one occasion I simply took the vouchers I needed. In order to account for expenditure on furniture, I once went to the suppliers and said: I want R300,000 worth of vouchers to liquidate advances. It was a constant battle to get vouchers. It was like pulling teeth."

Apart from the difficulty of getting vouchers, Kahn said the ANC appeared to be "absolutely incapable of instituting workable systems."

"Their level of disorganisation was astronomical until Natie Marcus and Vishum Lala came in. They were efficient and changed the way things worked."

Kahn explained the ANC's lack of organisational capacity by the fact that "their human resources were paper thin. They had just come in from the cold. They had to participate in negotiations, prepare for elections, set up structures, emerge from being an underground organisation. They were doing too many things on at least ten different fronts. They had lots of popular support, but they did not have enough people with the capacity required to do everything that was necessary. In the case of the TTDP I had to ensure proper accounting." More and more, said Kahn, he made purchases directly so that they would not have to be processed through the ANC.

The problems with accounting procedures are a constant theme in the Kahn's Quarterly Narrative Reports.

In the first disbursement to the ANC, the cheque of R891,000 was lost -- although it was subsequently found after it had been cancelled by USSALEP. Other examples of "deficiency" in fiscal management noted in Kahn's Quarterly Reports include the poor quality of vouchers (especially in relation to travel and the purchase and refurbishment of property during the early stages of the Project), the omission of VAT numbers on some of the invoices, the variable charging of VAT (Value Added Tax), the purchase of computer equipment before the bidding process, and insufficient documentation to substantiate travel claims.

Queries by Kahn on some of these inconsistencies enabled Mr. Natie Marcus, who assumed financial responsibility for the Project during 1992, to detect fraud, and take necessary remedial action.

According to Kahn: "VAT was being variably charged. I couldn't understand this. I asked myself: How can they sometimes charge VAT of 10% when VAT is 14%? How can they sometimes charge no VAT at all? I pointed this out to Natie Marcus. I said I would not pay against vouchers in which VAT was a movable feast. Natie took a look at this and found an inside procurement system at work. He put a stop to it immediately."

According to Kahn, Mr. Thomas Nkobi, the ANC's former Treasurer General, was aware of the problems and encouraged Kahn to ensure the strictest standards of financial accounting.

This is documented in Kahn's Fourth Quarterly Narrative Report where he records Mr. Nkobi's injunction to "keep us up to standard; if we can't get it right now what will we do when we are the government?"

In an interview, Mr. Kahn said he was pleased to have received this backing from Mr. Nkobi. "I was pleased because I had Nkobi's backing to take a strong line on these issues."

Despite the early problems, Mr. Kahn continued to make advances from the grant to the ANC on the understanding that accounting procedures would improve. When they did not, and unliquidated advances amounted to almost R2 million, Kahn suspended payments to the ANC. Even when the Internal Audit Department had presented satisfactory vouchers to the amount of R2,595,205.97, Kahn decided not to make any further advances to the ANC

but to reimburse the organisation on the presentation of satisfactory vouchers, or to negotiate purchases directly on behalf of the ANC.

Mr. H. Makgothi, the Administrative Secretary in the Office of the Treasurer-General, said Kahn's management of the grant assisted the office in instituting appropriate systems. However, he said USAID had to consider the extent to which its decision to withdraw salary payments had contributed to the problems the ANC faced in administering the funds.

"At the start we assumed it would be possible to employ staff of an excellent calibre to set up the organisation, to help us get our systems going. That didn't work out. USAID withdrew salaries, so we did not get those resources." It was not appropriate now, he said, for the ANC to be criticised as if USAID's decision had not contributed to the problem.

When asked to comment on this issue, Mr. Cap Dean, USAID Director in South Africa, said: "If the question had been put to me during the project to fund financial managers, financial experts, I would have said: Do it. I don't know whether the question was directly put to Stan."

According to Kahn, consultants were retained to train ANC officials in the head office and all the regions. But this was done primarily for the purposes of establishing the computer network and training staff to use it. Part of the spin-off of the new system was improved financial reporting from the regions to the head-office. But it did not directly affect the financial management systems and procedures in the ANC's Treasury/Finance department.

According to Mr. T. Lentsoane, an official within the Department: "What we needed was a chartered accountant to manage various aspects of the grant. If USAID wanted that level of quality they should have been prepared to pay the salaries of individuals capable of delivering that kind of quality."

Mr. Kahn said that when Mr. Natie Marcus, a chartered accountant in the ANC's Treasury Department, was asked to assume financial management for the Project, he brought the necessary expertise to the task. In his Eighth Quarterly Narrative Report, covering the period July to September 1993, Kahn reports a "significant improvement in the quality of documentation produced by the ANC."

"They have finally allocated this task to skilled people who are working consistently on this material."



Apart from these problems, Mr. Kahn also noted the difficulties of communication and follow-up with key office bearers in the ANC.

"Efforts to communicate with responsible ANC officials on pressing matters pertaining to the project are exasperating," according to Kahn's Fourth Quarterly Report.

"Letters and telephone calls requesting meetings and/or response to queries take an inordinantly long time in being responded to. For example, arranging a meeting with the head of the ANC's Management Information Systems (MIS) Department, to resolve issues pertaining to procurement of file servers and networks has proved to be difficult in spite of the urgency of resolving this procurement issue. The problems of recipient/sub-recipient communication and follow-through, in this case, appear to reflect a breakdown in the sub-recipient's management team regarding TDP."

Part of the problem, according to Kahn, was that the ANC did not delegate authority to its technical experts, requiring decisions on all significant issues to be taken through political channels, often at the highest level.

"The ANC didn't know how to use its technical skills. They referred every decision to a political body. It was not possible to get an informed insight into the extent to which the TTDP's purchase and installation of a computer network advanced the Project's objectives. Secretary in the Treasurer General's Department, Ms. Diana Cumberledge, said the computer system had made a significant difference to communication and accounting from various regions to the head office.

Ms. Cumberledge, like several other ANC officials, readily agreed to be interviewed. One of the available interviewees was Mr. Vusi Khanyile, former head of the ANC's Finance Department who left the ANC in June 1992 to head Thebe Investments. Mr. Khanyile said it was entirely wrong to expect the ANC to behave as though it were a business. It was a political movement, with clear lines of accountability, and acted accordingly.

Addressing the complaint of the alleged deficiencies in the ANC's fiscal management systems, Mr. Khanyile said USAID was a new donor to the ANC and had a range of new requirements that the ANC had not had to meet before.

"They didn't understand us and we didn't understand them," he said. He compared the ANC's relationship with USAID to its relationship with Swedish donors.

"Sweden had dealt with the ANC over many years. We understood exactly what the

Swedish requirements were and we could meet them. With the TTDP we would hold meetings and we thought we had agreed to something but the next time you see them you realise that wasn't so. For the ANC, the experience of dealing with an implementing agency was also new. It took a while for us to get a meeting of minds."

Khanyile also stressed that it was important to appreciate the extent to which the ANC was required to change its modus operandi generally, following its legalisation. "When the ANC was an underground movement, the systems and approach to doing things were geared to secrecy. You had to destroy all the evidence and make sure there was no documentary proof of anything. Now you had to leave as much evidence as possible. You were above ground, you had to be transparent, and there were auditors. There were a whole new set of rules and conditions."

On the issue of efficiency, Khanyile said it was appropriate to compare the ANC's efficiency with that of government, not the private sector. "Decision-making processes in government and in political organisations are different to the private sector." He also dismissed what he called "the new hobby horse of criticising black organisations for being inefficient."

Most of the TTDP allocation was spent on buildings, renovations, computer equipment and training. The purchase of buildings accounts for the largest single category of expenditure. The ANC bought three buildings: One in Durban for a sum that is not disclosed in the papers available for this evaluation (but that, from cumulative disbursements can be deduced as being approximately R3 million), one in Port Elizabeth for R1.47 million, and one in Cape Town valued at R4.55 million. [Eighth and Ninth Quarterly Reports].

In terms of this evaluation it is important to consider the extent to which this assisted the ANC in the negotiation process.

Mr. Zama Mvusi, former Head of the ANC's Department of Building Technical Services, said in an interview that the buildings were central to the ANC's ability to emerge from being an underground organisation.

"A building gives you a regional centre. It provides good access to membership. It gives you a centre of gravity. Part of being a banned organisation is that you have no visible physical space that is identified with the organisation. Buying buildings was for us a reversal of invisibility. We had to establish our presence not just in meetings and rallies, but in permanent structures." The renovations of the buildings, he said, were necessary for functionality.

Mr. Kahn, on the other hand, believed the building purchases indicated that the Project had not been as successful as initially hoped.

"In my view, acquiring all those buildings was an indicator of failure because they had nothing left to do with the money within the allowable categories. That was a way of soaking it up. Buildings were the project's blotting paper. You could say that it was useful to the ANC to have a piece of plant in various regions. But the money wasn't being directly used to advance the negotiation process, in the sense of formulating policy options, or getting mandates for them."

The purchase of the Durban building was indicative of the difficulties of managing expenditure in the Project.

According to Kahn: "The Chairman of the ANC in Durban signed an offer to purchase the building before I got there. I came along, and I had the perception that they thought: here comes old moneybags, he will square it. Before I was prepared to pay anything, I got a professional evaluation of the building which said we were probably paying about R250,000 more than the building was worth. However, the evaluator did say that the purchase price was within the range, although it was on the high side of the range, especially given the property slump in Durban at that time and the fact that the building was not in a high-demand area of town.

The seller then wanted to bring the transaction forward, but the money hadn't arrived from the US yet. The Bank said they would lend us the necessary bridging finance, but I said No. I would not allow the broker to force the pace of the sale. I said that I was not prepared to pay interest on bridging finance, especially if we were paying for the building on the high side of the range."

Kahn said he would have cancelled the sale had the independent property consultant said the purchase price was "completely out of line".

"I knew it was high, but when he said it was at the high end of the range, I went ahead. It was irregular for the ANC to have signed the offer to purchase before I arrived on the scene. But they were completely inexperienced also. The subsequent purchases were more rational. The sequence was right. First the property economist did a feasibility assessment on three or four buildings, and we took the process from there."

Kahn said he had followed a similar procedure of securing independent evaluations with

every major purchase. "This is what Clem Wolhuter did on the computer purchases, for example."

The major building purchases followed a failed attempt by Kahn to steer some of the TTDP's funds into the Peace Process.

He said numerous attempts were made to set up meetings to discuss this with the sub-grantees, but this came to nothing. It seemed clear to him that the sub-grantees were not keen to channel the money into the peace structures, he said.

Responding to this perception, Mr. Alex Sithole, of the ANC's Peace Desk, confirmed that USSALEP had phoned "on numerous occasions" to request meetings.

"But Sydney [Mufamadi] was away dealing with the police board and I was in Natal dealing with the violence there, so it wasn't possible given the logistics of the situation, to set up a meeting."

Mr. Sithole said it was a "serious blow" that TTDP money had not been channelled into the peace structures. "The Peace Desk was always under-resourced," he said. He added, however, that when USSALEP called to set up meetings, the possibility of funding was not raised.

"When they mentioned a meeting, they didn't mention the issue of funds. They just wanted to talk about the role of the Peace Desk. That is the only thing they mentioned to us. You must understand how busy we were. Everyone coming to South Africa wanted to see us. At the same time we had to deal with the UN advisers. We had meetings on a daily basis. There wasn't any time to do other things. That led us to be reluctant to meet them because we didn't know exactly what they wanted. Other embassies would ask what they could do to assist us."

In his Seventh Quarterly Narrative Report, Kahn noted the failure of attempts to channel resources into the Peace Accord process. USSALEP documentation indicates that as early as the second quarter of 1992, both the ANC and IFP sought assistance for activities related to the Peace Accord. U.S. prohibition on the use of funds for activities funded largely by the South African government, however, was not lifted until late 1993. Late in the 4th quarter of 1993 USSALEP was approached about the possibility of the use of TDP funds for peace keeping activities but USSALEP was later told that a decision had been reached not to follow-through on this request because of other priorities for the use of the funds. "Although USSALEP has pursued this matter, the sub-grantees have not indicated a

willingness to divert funding from pre-determined expenditure categories to this activity. Consequently no progress has been made on this matter," Kahn says.

The key question required of his evaluation is whether the TTDP grant achieved its objective of assisting the ANC to advance the negotiation process. There is no doubt that the ANC required financial assistance to move from a resistance movement to the position of a leading negotiator, to contest the elections and then assume the dominant position in the government of national unity. The ANC received assistance from many quarters, and it is clear that the TTDP funds didn't make the impact intended in targeted areas of capacity building for the purposes of negotiation. Where TTDP funds were not directly disbursed by USSALEP for major acquisitions, they became part of an enormous volume of disbursements flowing through the Treasury, after which Stan Kahn did his best to extract adequate documentation and vouchers for the purposes of accounting to USAID.

The key lesson in this instance is similar to the case of the IFP: it is extremely difficult to give aid to a political party or movement in the hope of having a marked influence on its strategic direction, particularly if the movement has extremely limited capacity to do what the funder requires. In the case of the TTDP it was not possible to establish or sustain a distinction between "party-building" and the promotion of the negotiation process. Infrastructure was used in both cases for the purposes of party-building, but by the same token also assisted the ANC in implementing its strategies, of which a key one was negotiating a new constitution and contesting an election.

Finally, it is necessary to address the question of USSALEP's management of the TTDP. It was clearly an onerous and complex job, at the mid-point of complex, and sometimes conflicting interests. Secretarial staff, from the IFP (Ms. Gail Parry) and from the ANC (Ms. Diana Cumberledge), who played a key interactive role with Stan Kahn in the management of the project, praised Kahn's role and said it would have been very difficult to fulfil USAID's requirements without a person dedicated to assisting the parties to meet them.

The extent of the work necessary to manage a grant of this nature is another key lesson that can be drawn from the TTDP. This view was expressed by USAID's South African Director, Mr. Cap Dean, who said that the model of contracting out the management of a project had worked well, and USAID would seek to use it more extensively.

According to Dean: "Stan Kahn was immensely committed to this activity. He took it as an immensely serious charge. He was very conscientious. It was a labour intensive activity. He spent a lot of time on the details and following up on the vouchers and trying

to determine where things were. That took an enormous load off the desks at USAID and made sure that someone was actively overseeing the project on an ongoing basis."

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